to the company's final target of 15%. Motorola estimates that much of the additional \$2 billion in the plan could come from debt securities and loans.

Indium's attractions are impressive. It provides ubiquitous global phone service at a premium price with little or no dependence on local terrestrial facilities. In times of disaster or political crisis, or in places with sparse or unreliable local service, the system can route calls among the 66 satellites in space bypassing all infrastructure on the ground. For an elite of government officials and corporate figures operating in remote areas, the availability of Indium should be worth the money. A bold and visionary concept when it emerged in 1987 from a team in the company's satellite systems engineering group, it endows many regions of the earth with voice and limited data communications for the first time. For example, it actually focuses on polar domains, such as parts of Siberia, poorly served by other satellite systems. Kazuo Inamori, the venerable chairman of Kyocera, also believes that Iridium will be popular in the 60% of territorial Japan not currently covered by cellular.

## "Give Us Spectrum, Let Others Fight"

ONETHELESS, BEYOND the bold and ingenious concept (Daggatt calls Iridium "the real pioneer of LEOs", the system suffers from technical flaws. Were it not for Globalstar, perhaps these flaws would not have become evident until after the 66 birds were aloft. A far simpler and cheaper solution, Globalstar uses 48 satellites with no links between them. Each functions as a "bent pipe" transponder, receiving signals from a phone on the ground and passing them back to any gateway within the satellite's 1,500-mile-wide footprint, linked to locally available telephone networks. Because Globalstar uses local phone systems rather than bypassing them, the system has been able to raise a total of some \$300 million in support from Alcatel, France Telecom, Vodafone (serving the United Kingdom, Australia and Hong Kong), Airtouch-U S West, Hyundai and DACOM in Korea, Deutsche Aerospace and Alenia.

This amount may seem small baside the billion raised by Indium. But Globalstar has capital costs (at \$1.8 billion) one-half Indium's circuit costs one-third Indium's, and terminal costs (at \$1.8 beach) one-fourth Indium's. With no intelligence in the composition of intelligent phones and portable computer devices on the ground; it is the Ethernet of satellite architectures. Costing one-half as much as Indium, it will handle nearly 20 times more calls.

The advantages of Globalstar stem only partly from its avoidance of complex intersatellite connections and use of infrastructure already in place on the ground. More important is its avoidance of exclusive spectrum assignments. Originating several years before spread-spectrum technol-

ogy was thoroughly tested for cellular phones, Iridium employs time division multiple access, an obsolescent system that requires exclusive command of spectrum but offers far less capacity than code division multiple access.

Like conventional cellular or radio transmissions that differentiate signals by time slot or frequency, TDMA sharply restricts the reuse of spectrum in nearby cells. By contrast, CDMA is a form of spread-spectrum communications that differentiates signals by a spreading code and allows the use of the same frequencies all the time, everywhere. Just as you can reduplicate wireline spectrum merely by laying another fiber, you can now manufacture new spectrum in the air merely by breaking large cells into smaller ones.

Among some six companies seeking low earth orbit satellite approval from the FCC in 1993, only Iridium used. TDMA, requiring national and international bodies to pick it as a winner from the outset and assign it exclusive spectrum. By contrast, in a majority report issued to the FCC on April 6, 1993, CDMA companies in the U.S., including TRW, Loral-Qualcomm, Celsat and American Mobile Satellite, could all agree to share spectrum and let the market choose winners. A Motorola lawyer explained to Space News, "Give us the spectrum and let the others fight for whatever's left." In the face of alternatives with no need for exclusive spectrum allocations, Iridium could fly only if it offered radically superior performance are capacity. But TDMA dooms it to generally inferior performance and capacity.

Unlike TDMA systems, which can "see" only one satellite signal at a time, CDMA handsets have "path" diversity, using "rake receivers" that can combine a number of weak signals into an intelligible stream. Iridium and other TDMA systems compensate by using more power. But no practical amount of power can propel a satellite signal through a tin roof. And excess power means larger handsets or heavier satellites. Iridium satellites together use 80% more power than Globalstar's, yet employ antennas nearly twice as large and offer 18.2 times less capacity per unit area.

Teledesic also suffers from the use of TDMA. But Teledesic's T-1 capabilities would compensate with 100,000 times more bandwidth and with a bit error rate that can accommodate the new fiber standards such as SONET-ATM (synchronous optical network/asynchronous transfer mode), which send packets without retransmission. The issue is whether these features can justify the political, financial, and performance costs of using a modulation scheme—TDMA—that severely limits spectrum sharing and path diversity.

So what is this, another sags of hubris on the information super-highway—to go with the Raymond Smith-John Malone follies? Perhaps good new ideas are harder to come by as company revenues grow into the billions, and Gates and McCaw disinvest and diversify as fast as they can from their increasingly cumbrous vessels of wealth. Having



Wigner and Loser 22,300 miles 2.5 GHz n Ka b \$1,000 for 64 ldags, 2 16 in.

recently passed the billion-dollar mark in his systematic process or disinvestment from Microsoft—he retains \$8 billion or so—Gates at times seemed embarrassed by his link to this gigantic project. He told us it was too early to write about Teledesic.

No, the story is in fact more interesting. Impelled by the onrushing rise in the cost-effectiveness of individual chips compared to multichip systems, the Law of the Microcosm dictates decentralization of all information architectures. During the 1980s, this centrifuge struck the mainframe computer establishment of IBM. During the 1990s, the personal teleputer, summoning and shaping films and files of images from around the world, will collide with the centralized establishments of TV broadcasting. At the end of the century, Teledesic and the other LEOs will usher in the age of decentralization in space.

From this point of view, Gates's participation becomes more readily intelligible. Gates seems always to follow the microcosm wherever it leads. A vision of software for decentralized systems of personal computers informs everything Microsoft does.

In 1994, for example, Microsoft made an investment in Metricom, a wireless terrestrial system that supplies links of up to 56 kilobits per second to portable computers or personal digital assistants. Within cells, the devices can communicate directly with one another; outside the cell, Metricom routes its calls through an expandable mesh of nodes each the size of a shoebox and costing less than \$1.000 Based on spread- spectrum technology the system operates at power levels low enough to avoid the need for FCC licenses. Yet it can be expanded to metropolitan-area dimensions.

In many respects, Teledesic is Metricom in the sky. It is focused on computer communications. It routes packets by the most convenient path through a mesh of nodes. It is based on microprocessor technology. Both Teledesic and Metricom plan to employ devices from Motorola's 68000

ramily. As Gates explains the system: "Some functions are most efficiently performed by large numbers of small processors working together, rather than a few large ones." The entire new generation of low earth orbit satellite systems relies on this centrifugal force of the microcosm.

It was not supposed to happen this way. Just as Grosch's Law of the computer industry implied that computer power rose by the square of the cost, there was a similar law of the satellite industry that held satellite efficiency to be proportional to size. In a popular text, "Communications Satellite Systems," published in 1978, James Martin cited an AT&T study showing that just six satellites could carry all the long-distance traffic from the American continent; no fiber optics would be necessary. "The next major thrust in the space segment should cannot be on the economies of the space segment should capitalize on the economies of scale which today's technology eders," wrote Martin, urging creation of "massive hardward" as heavy as several tons and "immensely powerful satellizes with large antennas beaming as much information as we are capable of using to our rooftops." Many satellite advocates, led by Arthur C. Clarke, viewed with impatient scorn the expensive terrestrial systems that somehow forestalled the manufest destuny of big birds to rule the world of communications.

## Bringing the Microcoem to Space

N 1994, THE BIG-BIRD DREAM still flourishes in Spaceway, the international consortium Inmarsat, and the new launch this summer of direct broadcast satellite technology by Hughes's DirecTV, Hubbard's USSB, TCI's Primestar, and Rupert Murdoch's imperial systems in Europe and Asia. Using centralized satellites in geosynchronous orbits, DBS is the ultimate broadcast medium, reaching billions of potential customers at the cost of reaching hundreds of thousands through cable-TV systems. But these geostationary satellite systems suffer from the same flaws as mainframes: sclerosis by centralization. At a time when customers want the choice, control, convenience and interactivity of computers, the big birds offer one-size-fits-all programming at specified times, with little ability to control the flow or interact with it.

The real showstopper in the long run, though, is a nagging half-second time delity for Clarke orbit signals. Bad enough the half-second is near eternity for computer computer computers and less the living-room and desk-top supercomputers. 2001, a half-second delay would mean gigabytes a half-second delay would mean gigabytes a half-second to be stored in buffers. While companies across the country, from Intel to Digital Equipment, are rushing to market with cable modems to allow computer connections to CATV coax, geosatellites remain mostly computer-hostile. Even with the new digital cosmetics of DBS, geosynchronous satellites are a last vestige of centralization in a centrifugal world.

By contrast, Teledesic brings the microcosm to space. Rather than gaining economies of scale from using a few huge satellites, Teledesic gains economies of scale by launching as many small birds as possible. Based on Peter Huber's concept of a geodesic network—a mesh of peers equally spaced apart like the nodes in a geodesic dome—Teledesic is not a hierarchy but a heterarchy. Distributing the system responsibilities among 840 autonomous satellites diminishes the requirements, such as message throughput and power usage, for each one. Building redundancy into the entire constellation, rather than within each satellite, yields higher overall reliability, while reducing the complexity and price of each unit.

As Craig McCaw explains, "At a certain point, redundant systems create more complexity and weight than they are worth. Rather than having each satellite a "4" in the sky with triply redundant systems, we have hundreds of satellites that offer self-redundancy." Eschewing the Hughes philosophy of "every component proprietary to Hughes," Teledesic will manufacture and launch a large number of satellite peers, using off-the-shelf parts whenever possible. This approach also provides economies of scale that, according to a study by brilliant pebbles contractor Martin Marietta, could lower unit costs by a factor of one hundred or more.

Just as microcosmic technology uses infinitesimal low-powered transistors and puts them so close together that they work faster than large high-powered transistors. Teledesic satellites follow the rules of low and slow. Rather than one big powerful bird spraying signals across continents. Teledesic offers 840, programmably targetable at small localities. Just 435 miles out, the delay is measured in milliseconds rather than half-seconds.

The total computing power and wattage of the constellation seems large, as is needed to sustain a volume of some two million connections at a time, four times Spaceway's capacity. But with other link features equal, between 1,226 and 3,545 times more power is needed to communicate with a geostationary satellite than with a LEO.

Perhaps most important, unlike Iridium, TRW's Odyssey, and Globalstar, Teledesic from the outset has targeted the fastest-growing market of the future: communications for the world's 125 million PCs, now growing some 20% a year. And Teledesic has correctly chosen the technology needed to extend computer networks globally—broadband low earth orbit satellites. The real issue is not the future of Teledesic but the future of Iridium.

In the short run Iridium's voice services cannot compete with Globalstar's cheaper and more robust CDMA system. But in the long run Iridium could be trumped by Teledesic. Although Teledesic has no such plans, the incremental cost of incorporating an "L" band transceiver in Teledesic, to perform the Iridium functions for voice, would be just 10% of Teledesic's total outlays, or less than \$1 billion icompared with the \$3.4 billion initial

## Market (1) William !

Globalstar is the easy winner for current offering of mobile phone services under a CDMA regime of spectrum sharing. But Teledesic can add phone services to its broadband computer system. Over time, Teledesic's 840 satellites will outperform Globalstar's 48. Big question: When will microchip technology advance enough to allow broadband applications over CDMA? When that happens, Globalstar has a shot at the grand prize. Iridium is both too expensive to compete in mobile phones and too narrowband for data. Today's champ Spaceway is maturing. Big winner for the next decade is...Teledesic.

capital costs of Iridium). But 840 linked satellites could offer far more cost-effective service than Iridium's 66.

Iridium's dilemma is that the complexities and costs of its ingenious mesh of intersatellite links and switches can be justified only by offering broadband computer services. Yet Iridium is a doggedly narrowband system focused on voice.

Iridium eventually will have to adopt Teledesic's broadband logic and architecture. To protect its global lead in wireless communications and equipment, Motorola should join with Teledesic now, rather than later. Working with Lockheed, Motorola is making impressive gains in satellite-manufacturing technology. Supplying both handsets and space gear for computer networks, Motorola could turn its huge investment of time, money and prestige in Iridium into a dramatic global coup in wireless computer services. As part of a broadband system, Iridium could still become a superb brand name for Motorola. But persisting in a narrowband strategy in the name of avoiding Teledesic's larger initial costs, Motorola's executives will end up inflicting serious strategic costs on the company.

Most of the famous objections to Teledesic are based on ignorance or misinformation. Launch anxieties spring chiefly from the GEO experience. LEOs are 60 times nearer and between a tenth and a third the weight. Teledesic satellites are designed to be hoisted in groups of eight or more. From Great Wall in China to Khrunichev in Russia, companies around the world will soon be competing to supply low-cost launching facilities for the system. Orbital stimes, an entrepreneurial dervish near Washington's District, an entrepreneurial dervish near washington's District, an entrepreneurial dervish near groups of LEOs from an adapted Lockheed 1011 Tristar.

Other fears are similarly fallacious. Teledesic will work fine in the rain because the high minimum vertical angle (40 degrees) of its satellite links from the ground reduces the portion of the path exposed to water to a manageable level. By contrast, geostationary satellites must operate at eight degrees, passing the signal through

a long span of atmosphere. Made of touch new composite materials, Teledesic satellites will endure the kind of debris found in space mostly unscathed. The solar arrays can accept holes without significantly damaging overall performance. All in all, Teledesic's designers expect the birds to remain in orbit for an average of ten years. With most of its key technologies plummeting in price along with the rest of electronic components, the system may well cost even less and perform better than its business plan promises or George Fisher speculates.

Indeed, widely charged with reckless technological presumption, the designers of Teledesic in fact seem recklessly cautious in their assumptions about the rate of microchip progress. For example, their dismissal of CDMA assumes that the high speed of the spreading code functions-requiring digital signal processors that race at least 100 times the data rate—pushes cheap T-1 performance tar into the future. Yet in early 1995, Texas Instruments will ship its multimedia video processor, a marvel that combines four 64-bit DSPs, a 32-bit RISC CPU, 50 kilobytes of on-chip memory, a floating-point unit and a 64bit direct memory access controller all on one chip. This device now performs two billion operations per second and, with an upgrade from 35 megahertz to 50 megahertz clock rate, soon will perform three billion. The estimated cost in 1995 is around \$400, or a stunning \$133 per box current Pentiums charge three times as much for 100 mips). Five years from now, when Teledesic gets scrious, that kind of one-chip computing power can implement CDMA for broadband data without any cost penalty Future generations of CDMA systems may be able to offer, at a dramatically lower price, the same broadband services in mobile applications that Teledesic now promises for fixed services only.

Assuming that Teledesic meets the CDMA challenge, the other fear is that terrestrial systems will capture enough of the market to render Teledesic unprofitable. This fear, however, can come true only if governments delay this supremely beneficial system well into the next century.

Unlike the competition, satellite systems can provide global coverage at once. Whether for \$9 billion or \$90 billion, no terrestrial system will cover the entire world, or even the entire U.S., within decades of Teledesic. As soon as it is deployed, it will profoundly change the geography and topography of the globe. Suddenly the most remote rural redoubt, beach, or mountain will command computer communications comparable to urban corporations today. The system can make teleconferencing, telecommuting, telemedicine, and teleschooling possible anywhere. Gone will be the differences among regions in access to cultural and information resources. People will be able to live and work where they want rather than where corporations locate them.

This change transforms the dimensions of the world

as decisively as trains, planes, automobiles, phones and TVs changed them in previous eras. It will extend universal service" more dramatically than any new law can.

Moreover, Teledesic can eliminate the need to cross-subsidize rural customers. Determining the cost of wireline services are the parameters of population density and distance from the central office. Rural customers now cost between 10 and 30 times as much to serve with wires as urban customers do. Teledesic will bring near-broadband capabilities to everyone in the world at the same price.

Most important, this expansion of the communications frontier will foster the very economic development that will fuel the demand for the service. Today, it does not pay to bring telecommunications to poor countries that might benefit most. Teledesic and other satellite services break the bottleneck of development. Simultaneously opening the entire world, it enriches every nation with new capital exceeding the fruits of all the foreign aid programs of the era.

Teledesic is a venture worthy of McCaw and Gates. In its impact on the world, it may even rival the Herculean contributions of its sponsors in cellular and software. The issue is not the technology or the commitment of the principals. The issue is the readiness of the U.S. government to accommodate this venture. Before Teledesic can be approved internationally, it will have to attain a license from the FCC in the U.S. It has taken four years to approve Iridium. It took 30 years to approve cellular. How long will it take to approve Teledesic:

Currently Teledesic, Iridium and Globalstar face several political obstacles. The International Telecommunications Union's Radio Regulation 2613 gives GEOs absolute priority over LEOs. For Spaceway, Hughes is now demanding an exclusive license for the full five gigahertz available in the Ka-band worldwide, leaving no room for Teledesic or any other Ka-band LEO. Under current law, Hughes or other geo systems could usurp any LEO that was launched.

ernment should take the lead now in spearheading a change in the resolutions to provide the LEOs. This is no minor master, the dimensions and promise of Teledesic looms are certain to never the laptinese or Europeans are certain to never proposals. "When they do," Craig McCaw proposals will immediately have their government on total they will be able to go to the ITU right away. My greatest fear is that we will have the technology all ready, and toreign companies will beat us out because they can get their governments in line."

The U.S. government was on board for Apollo 25 years ago and the U.S. won the first space race. This space race is just as important, but the government is treating it as some sleepy-time intrastructure project. In fact, it is the information superhighway going global and ubiquitous. It

is the ultimate promise of the information age says. McCaw.

## Sustaining the U.S. Lead in Technology

and more urban towers and filling them up with people who queue up every day on tumpikes into the city, emitting tumes into the air, and then building new towers and new highways when you want to move the company, and then digging up the highways to install new wires."

McCaw waves toward the window, out at Lake Washington. "Look at that floating bridge. It took \$1.5 billion to cross Lake Washington, then it got busted in a storm. Cross this lake, any lake, any ocean in the world with broadband wireless. That's the promise of Teledesic. All you do is to reconfigure the communications in software at zero incremental cost. No wires for the final connections. It's what we do in Hong Kong and Shanghai, where everyone uses a cellular phone."

President Clinton, Vice President Gore and other members of the administration continually ask what they can do for technology. One thing they can do is vastly streamline the process for approval of communications projects. At the moment, Congress is determined to retain bureaucratic dominance over the most dynamic enterprise and technology in the world economy—what they like to term the information superhighway. They see it as a possible source of congressional power, campaign finance, employment and pelf, like the Baby Bells today or like existing construction projects. Rather than turn telecom into a vast porkbellied poverty program, however, the administration should deregulate the tield. Communications companies must be permitted to compete and collaborate wherever the technology leads.

Whether the administration knows it or not, these technologies are its greatest political asset. The high-tech industries unleashed in the 1980s by venture capital and runk bonds are now the prime fuel of the economy of the 1990s. Comprising perhaps 60% of incremental GDP and 48% of exports, the momentous upsurge of computers and communications is even compensating for the mistakes of the Bush and Clinton regimes and making plausible Clinton's continuing claims of economic success But now Clinton, Gore and FCC Chairman Reed Hundt must make a choice. If they want to maintain this redemptive U.S. lead in technology, they must be willing to torge new alliances in Congress to get the politicians and bureaucrats out of the way of the future. A good start would be to open the floodgates for the global onrush of low earth orbit satellites dedicated to computer communications. If they do, they can help make the world, as McCaw's Alberg puts it, "a truly global Internet in an ever-expanding ethersphere."

Austraha	2,076-2,111 OHz	Allocated, Operational Services.
	2,300-2.400 GHz	
Androhe	27.5-29.5 GMz	Possible for allocation in future.
Accide	40.5-42.5 GHz	Allocated, No Operational
		Services.
	2.596-2.686 OHz	Allocated, Operational Services.
*	2.596-2.492 Offs	Allocated, Operational Services
Describ	40.5-42.5 OHz	May be Allecated in Future
Plating	11.7-12.5 QHz	Affected, No Operational
		Services, may be re-assigned.
Pinland	17.3 -17.7 QUz	Pessible for Peters Assignment
França	3.6-3.8 GHz	For Affecation
Germany	40.5-42.5 GHz	Possible for Allecation
Nethodende	40.5-42.5 OHz	Affected, No Operational Service
Norway	44.5-42.5 OHz	Possible for Allocation
Portugal	44.5-42.5 CFAz	Affected, No Operational Service.
Remenia	2.002-2.114 CHz	Allocated, Experimental Service
	2.295-2.335 CMs	
Remedia	12.77-12.99 CHE	Pleased for Allocation
	28.5-29.5 GHz	1
{	38 Citis Bond	
	465-42.5 CB/s	
	4 (Hz had)	
Spein	49.5-42.5 CBMs	Passible for Allecation
Sweden	17.3, 17.5, 17.7,	Allogated to fixed links to
	17.92 GHz	complement CATV
Sweden Switzerland	40,5-42,5 GHz 40,5-42,5 GHz	Afficiated, No Operational Service Afficiated, No Operational Service
. Switzenand	40.5-42.5 GHz	Advanted No Operational Service
Unquey	2.524-2.644 OHz	Alexand, Operational Service to
		Commence Soon

Source:
Andrew Krieg,
Wireless Cable
Association

Wireless Cable
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International
Inc.

April 1995

ATTACHMENT B